

# PG&E Workshop Presentation RA OIR (R. 17-09-020)

**Local Comprehensive Procurement Framework  
July 19<sup>th</sup>, 2018**



# Agenda

1

- **PG&E's Proposal is for a Central Procurement Entity for Front Stop Procurement of Local RA, with a Limited Transition Period**

2

- **PG&E's Proposal Provides an Orderly Transition to Preferred Resources with Equitable Cost Allocation at all Levels of Load Shift**

3

- **Disaggregation Can Help Ensure that Needed Resources are Procured, Reducing Risk of Costly Backstop during the Transition Period**

4

- **Only Minor Modifications to RA and TPP Timelines are Necessary to Effectuate PG&E's Proposal**



# Overview of PG&E's Proposal

Compliance  
Years

2020 - 2021

2022 →

## Short-Term Transition Period

- **Establish Central Procurement Entity (CPE)**
- To reduce backstop procurement:
  - LSEs have compliance requirement for Local RA 2 years ahead at 100% per year; and
  - PG&E Local Areas are disaggregated
- CAM treatment for non-RPS UOG and non-RPS IOU Contracts in local areas

## Local Comprehensive Procurement Framework

- CPE performs “Front-stop” procurement of Local RA and all associated attributes
  - 5 years ahead at 100% per year
  - Transmission alternatives weighed against procurement of new and existing resources
  - Flex and System allocated to LSEs
- CAM Resources (as expanded) would reduce procurement needs for all LSE's
- Equitable allocation of costs and benefits of local reliability resources



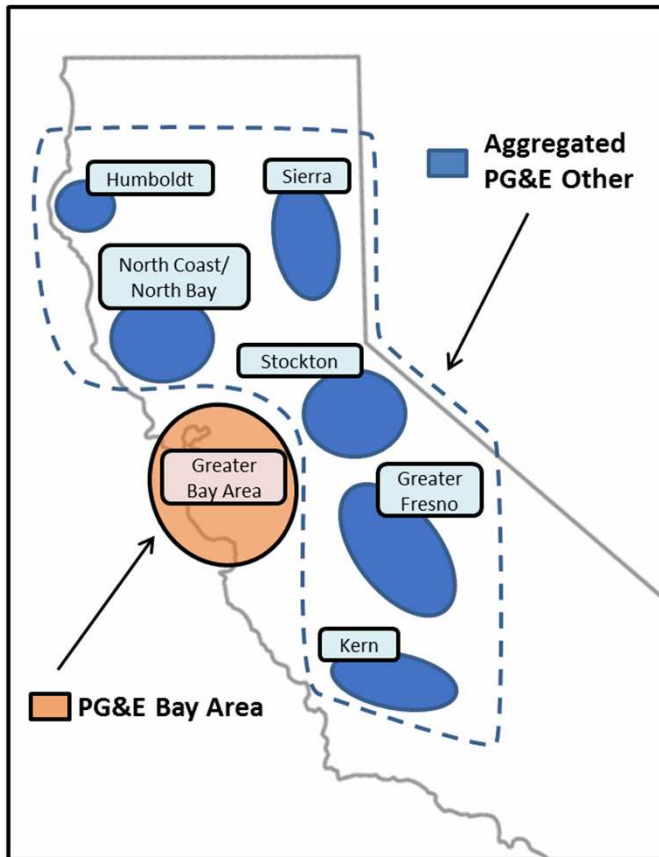
## Key Benefits of PG&E's LCPF Proposal

- **“Front Stop” Central Procurement of Local RA**
  - Orderly transition from GHG emitting resources to preferred resources
  - Cost effective, efficient, coordinated procurement
  - Reduces out-of-market backstop procurement
- **Multi-Year-ahead Local RA requirement**
  - Addresses generators’ “adequate compensation” concerns
- **Expansion of CAM to meet Local Reliability needs**
  - Recognizes purpose and value of procured local resources
  - Equitably allocate local resources costs and benefit by TAC
- **Competitive evaluation of Transmission Solutions vs. new and existing Generation**
  - Mitigates market power, encourages preferred resources



# Need for Disaggregation of Local Areas

*Aggregation of Local Areas leads to suboptimal procurement, including over-procurement in some areas and costly backstop procurement in others.*



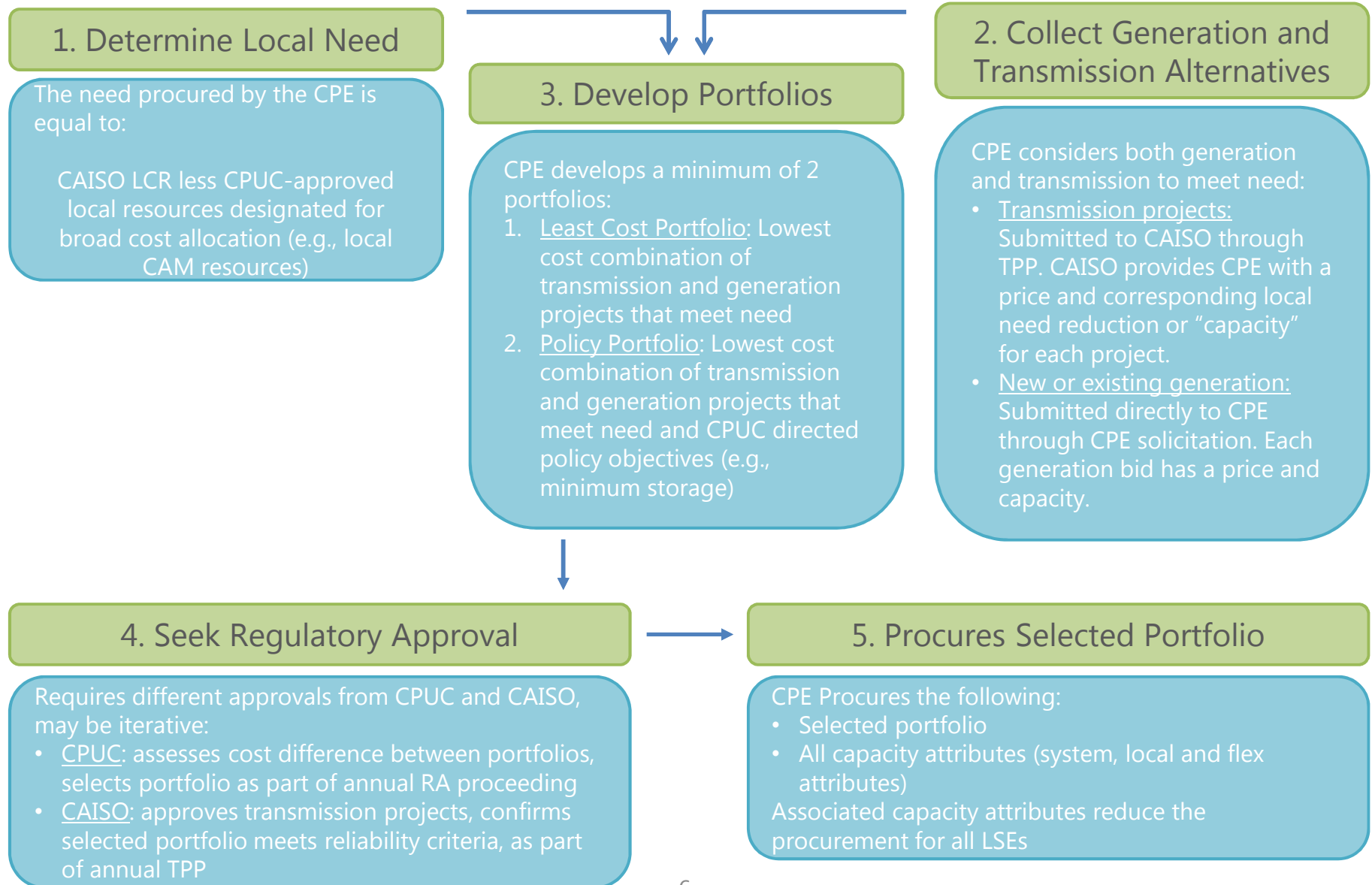
**PG&E Local Areas: 2019 Need and Available Capacity**

| PG&E TAC<br>Local Capacity Area<br>(LCA)          | [A]<br>Local Capacity<br>Requirement<br>(MW) <sup>1</sup> | [B]<br>Total Available<br>Qualifying<br>Capacity<br>(MW) <sup>1</sup> | [C] = [B] - [A]<br>Available Surplus<br>Capacity (MW) |
|---|---|---|---|
| <b>Bay Area</b>                                   | <b>4,461</b>  | <b>7,054</b>  | <b>2,413</b>  |
| <b>Other PG&amp;E Area</b>                        |   |   |   |
| Fresno  | 1,671   | 3,438   | 1,767   |
| Humboldt  | 165   | 202   | 37  |
| Kern  | 478   | 475   | -   |
| NCNB  | 689   | 890   | 201   |
| Sierra  | 2,247   | 2,150   | -   |
| Stockton  | 777   | 633   | -   |
| <b>Other PG&amp;E Area<br/>(Aggregated Total)</b> | <b>6,027</b>  | <b>7,788</b>  | <b>1,761</b>  |

<sup>1</sup> 2019 CAISO LCR Study, Total LCR Need based on Category C and Total Qualifying Capacity, includes deficiency .



# LCPF Portfolio Selection and Approval Process



# Questions?



# Appendix







# LCPF Procurement Process

**2020**  
(T-2)

**May** - LCR Study Released  
(T -1 through T+4)

**July** - TPP Study Released (T+10)

**July** - TO's submit Transmission Projects  
**Aug** - CPE holds 1<sup>st</sup> solicitation covering years 2022-2026

**Sep** - CPE evaluates options, weighs transmission vs. gen vs. policy  
- Develops portfolios of solutions as ordered

**Oct** - CPE submits procurement portfolios to CPUC and CAISO for consideration

**2021**  
(T-1)

**Mar** - CAISO meeting to approve transmission components  
- CPUC meeting to approve procurement components

**Apr** - CPE executes **LOCAL** RA capacity agreements

**May** - CPUC allocates associated **SYSTEM** and **FLEX** to LSEs

**Jun** - LSEs execute bilateral RA to contract for residual  
**Sept** **FLEX** and **SYSTEM** RA

**Oct** - LSEs make annual RA compliance filing to CPUC

**2022**  
(T)

**COMPLIANCE YEAR**

**LOCAL** RA procured by CPE and **SYSTEM/FLEX** procured by LSEs used for compliance